



Town of Lunenburg Proposed Annual Budget –FY2013

March 13, 2012

Kerry A. Speidel, Town Manager



FY2013 Recommendation

- Matching dollars with service level needs, i.e. no “flat” increases
- No additional funding for any dept, other than Targeted Funds [Ch. 70]
- No funding for Road Management Plan
- Huge cuts in many departments
- We’re done cutting, now we’re dismantling

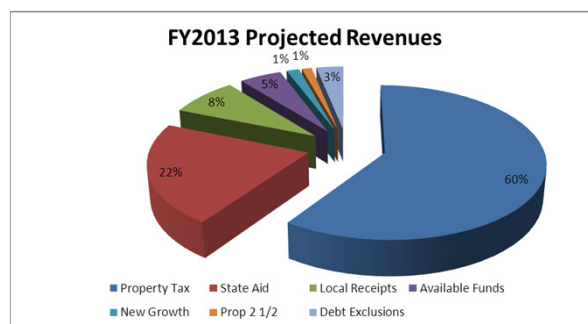


FY2013 Recommendation

- Funding to cover all contractual salary increases
- Funding to cover all salary increases due SAP employees- implementing new grid
- Balanced budget proposal is based upon use of recurring revenues for operating costs, meaning there is NO request for a draw on either Free Cash or the Stabilization Fund



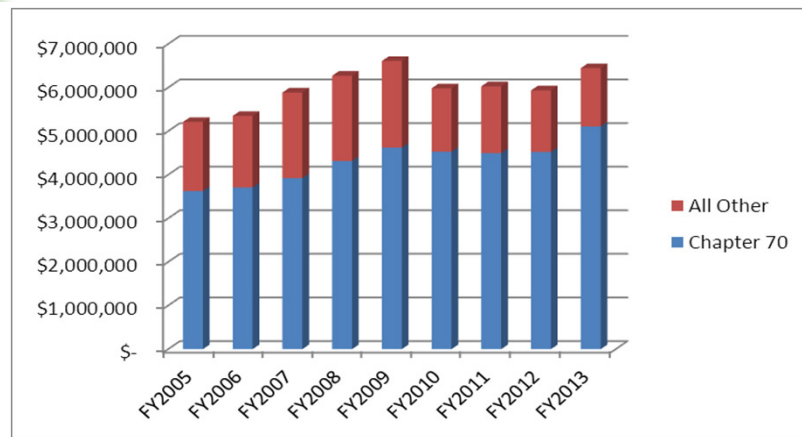
FY2013- Revenue Estimates



FY2013 Revenue Estimates- State Aid

- Governor's projection for Ch. 70
 - big increase (+\$586,714) over current year
 - Only 145 of 345 districts to receive increased funding
- No increase in Lottery
 - Despite a projected \$20M increase
 - Town has lost \$485k in Lottery Aid since FY2009, about 37%

FY2013 Revenue Estimates- State Aid



FY2013- Revenue Estimates Summary

Revenue	FY2009 Actual	FY2010 Budget	FY2011 Approved	FY2012 Approved	FY2013 Projected	Dollar Increase over Prior Year	Percent Increase
Property Tax	\$ 16,915,184	\$ 17,427,297	\$ 18,009,326	\$ 18,868,948	\$ 19,636,995	\$ 768,047	4.07%
State Aid	\$ 6,609,772	\$ 5,983,673	\$ 6,030,068	\$ 5,936,390	\$ 6,445,748	\$ 509,358	8.58%
Local Receipts	\$ 2,167,839	\$ 2,247,178	\$ 2,363,606	\$ 2,503,796	\$ 2,431,389	\$ (72,407)	-2.89%
Available Funds	\$ 2,208,675	\$ 1,589,665	\$ 1,811,950	\$ 1,871,910	\$ 1,477,441	\$ (394,469)	-21.07%
total:	\$ 27,901,470	\$ 27,247,813	\$ 28,214,950	\$ 29,181,044	\$ 29,991,573	\$ 810,529	2.78%

- Areas of interest:
 - House 1 is generally viewed as the base level for State Aid
 - What will House & Senate Budgets show for State Aid?
 - New Growth Projection
 - Approved residential developments

Expenditures

- Service Provider Organization
 - Demand for services doesn't decrease due to lack of funding
- Town provides services
 - Services to students
 - Services to seniors
 - Services to residents
- Focus on service levels, not employees
- Allocating resources- Operating & Capital- to services

Forecast- Projected Deficits, including "New Initiatives"

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Revenue	\$ 28,214,950	\$ 29,093,638	\$ 29,650,741	\$ 30,497,951	\$ 31,390,630	\$ 32,300,440	\$ 33,228,951
Expenditures	\$ 28,170,773	\$ 29,154,557	\$ 32,411,499	\$ 33,722,634	\$ 35,206,320	\$ 36,665,171	\$ 38,301,699
Difference	\$ -	\$ (60,920)	\$ (2,760,758)	\$ (3,224,683)	\$ (3,815,689)	\$ (4,364,731)	\$ (5,072,749)
		-0.21%	-9.31%	-10.57%	-12.16%	-13.51%	-15.27%

	FY13	FY14	FY15	FY16	FY17
Projected Deficit:	\$ (2,760,758)	\$ (3,224,683)	\$ (3,815,689)	\$ (4,364,731)	\$ (5,072,749)
Amount of Deficit Attributable to New Initiatives:	\$ (1,594,521)	\$ (1,758,300)	\$ (1,951,633)	\$ (2,118,894)	\$ (2,252,042)
Amount of Deficit Attributable to increases in on-going expenses	\$ (1,166,238)	\$ (1,466,383)	\$ (1,864,056)	\$ (2,245,836)	\$ (2,820,706)

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Expenditures

- Department Budgets submitted without "new" initiatives or restoration of prior year cuts
- Requested budgets exceeded available revenue by \$1,496,304
- Approximately \$330k more than projected last Fall



FY2013 Expenditures

- Need to cut \$1,496,304
- \$1,131,040 of deficit "assigned" to School
 - School to receive same appropriation as FY12 + Additional Chapter 70 = 3.94% increase
- \$ 365,264 of deficit "assigned" to Other Departments



FY2013 Expenditures

- Reduce School Level Service Budget by \$1,131,040
- Health Insurance Renewal Savings = \$133k
- Reduction in Personnel/ Programs = \$850k
 - Eliminate 2 of 3 Administrative Positions [Director of Instruction & Special Services Coordinator]
 - Eliminate 3+ Special Education Teacher positions
 - Eliminate 2 Special Education Tutor positions
 - Eliminate PT Music Educator position [Primary School]
 - Eliminate Library Aid position [Primary School]
 - Reduce Technology Educator position [shared]
 - Eliminate one 6th Grade Classroom
 - Reduce PE/ Health position
 - Eliminate 2 sections of Horticulture & 9 section of Technology at LHS
- Reduction in Materials & Supplies = \$120k
- Increased Fees = \$97k
 - Bussing Fees
 - Athletic Fees
 - School Lunch Program



FY2013 Expenditures-

- Reduce Other Departments by \$365,264
- Non-Discretionary/ Less-Discretionary
 - Debt Service, Insurances, Retirement Assessment
 - Police, Fire & Ambulance
 - DPW- some services- plowing
- Discretionary
 - DPW- some services- road maintenance, upkeep of public lands
 - Capital
 - Library & Senior Center
 - Administrative & Land Use Offices



FY2013 Expenditures- Non-Discretionary

- Debt Service
 - Up \$158,542- includes financing for DPW and FY10 & 11 CIP
 - Includes temporary financing for School Feasibility Study/ Preliminary Plan Development
- Insurances
 - No increase in General Liability & Worker's Compensation
 - Huge increase in Police/ Fire IOD in FY12 [\$29k in FY11 to \$75k in FY12]
 - Health Insurance Renewal +5.4% estimate [\$76k]; actual 3.55% [\$67k]- this is artificially low due to Health Insurance Reform
- Retirement Assessment
 - Increase of \$87k, or 14.59%, due to adjustment in method of calculating Annual Assessment



FY2013 Expenditures- Less Discretionary

- Police, Fire & DPW essentially level funded
- DPW
 - This has been the “go to” department for “easy” cuts
 - In FY2004, the department had 15 FTE’s, reduced to 10.5 due to retirements, attrition & layoffs
 - In this same time, we’ve increased the Snow & Ice Appropriation from about \$130k to \$250k
 - We are already under-funding DPW; lack of adequate funding for Road Maintenance; Number one complaint received
 - Comprehensive Road Management Plan indicates we need to spend about \$1M per year to maintain roads
 - No further reductions can be made without dismantling the department

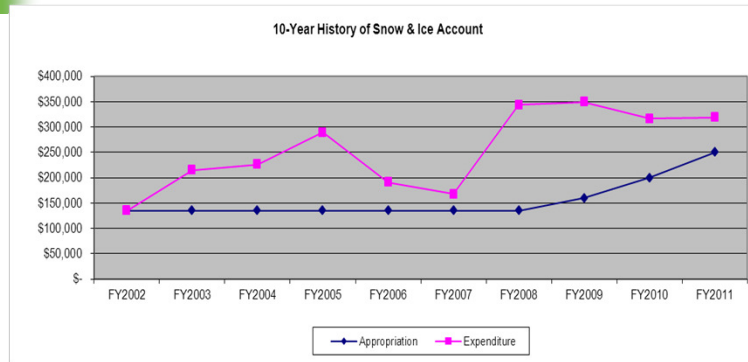


FY2013 Expenditures- Less Discretionary

- Department of Public Works
 - Essentially level funded, +\$4,366
 - This has been the “go to” department for “easy” cuts
 - In FY2004, the department had 15 FTE’s, reduced to 10.5 due to retirements, attrition & layoffs
 - In this same time, we’ve increased the Snow & Ice Appropriation from about \$130k to \$250k
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FY2013 Expenditures-

Department of Public Works



FY2013 Expenditures-

Discretionary

- Capital Expenditures
- BOS Policy: Operating budgets should be set at sustainable levels. The capital budget can vary around a long-term target level. The long-term target level for the capital program is 5% of total expenditures.
- 5% of Operational Expenditures = \$1,407,256
- CPC Recommendation = \$504,387
- TM Recommendation = \$464,487

FY2013 Expenditures- Discretionary, Capital Expenditures

Capital Plan

The Capital Planning Committee has concluded their review of all Capital Requests and has submitted a final report and recommendation. The full report can be found in the Appendix to this document. Their recommendation is for a total spending plan of \$1,304,387 as follows.

Priority 1

DPW Roadway Maintenance

\$800,000

Total expense \$1.2M partially funded, Chapter 90

Priority 1A

1. Technology	\$ 75,517
2. School	\$107,920
3. School	\$ 30,750
4. DPW, Facilities	\$ 18,000
5. Fire	\$ 35,000
6. DPW	\$ 35,000
7. DPW	\$ 40,000
8. School	\$ 33,000
9. Police	\$ 12,000
10. School	\$ 64,500
11. Council on Aging	\$ 12,800

Annual Replacement Plan
 Passios Roof Re-seaming
 THMS Gym Roof Snow Guards
 Ritter Building, Front Section of Roof
 Repair Engine 4
 4 x 4 Pickup Truck with plow
 1 Ton Pickup Truck with plow
 Pickup Truck with plow
 6 Tasers
 Mobile Media Carts
 Refrigerator, Oven & Steam Table

Priority 2

1. Library	\$ 15,900
2. School	\$ 24,000

Paint and Repair front of Building
 THMS, Repair Drop Ceiling

The CPC does note that while Roadway Maintenance is the number one priority, that it can't be included in the Annual Plan unless another source of funding is identified.

FY2013 Expenditures- Discretionary, Senior Center & Library

- In past years, these two departments were held harmless
- Recognition that during tough times, the service provided can be a "life-saver"
 - Public access to computers, books, magazines, newspapers
 - Free or low cost activities
 - Town can no longer afford to hold harmless
 - 10% cut to both departments



FY2013 Expenditures-

Discretionary, Senior Center, cut \$12k

- Close Senior Center on 1 day per week
- Transportation, Congregate Lunch, MOW deliver, Social, Educational & Recreational programs not available on Fridays
- Note: Governor is proposing to cut funding to congregate lunch program, which may result in elimination of the program.
- Other Options:
 - Eliminate Congregate Lunch Program & replace with volunteer program; OR
 - Reduce Outreach Worker from 19 to 6 hours per week



FY2013 Expenditures-

Discretionary, Library

- 10% cut = \$34,644
- Library will not meet required spending
- Library will need to apply for a waiver; concern about granting of waiver; disproportionate cut
- If waiver is not granted, the Library will lose State Aid, \$12,078
 - State aid funds 65% of CWMARS Contract
- Lunenburg residents will lose the ability to borrow materials from other Libraries
- Library hours would be cut from 44 to 42; No evening hours for Children's Library
- Community use of Library would be limited to operational hours
- Funding for new materials would be cut 12%



FY2013 Expenditures- Administration & Land Use Offices

- Cutting a total of \$101,458, or about 7.3%
- Staffing Reductions, 15.85 FTE reduced to 13.45
 - Eliminate position of Chief Administrative Assistant in BOS Office
 - Reduce Technology Assistant to 0.35 FTE
 - Combine AA positions in BOH & Conservation, reduction of 1.55 FTE to 0.9
 - Reduce full-time schedule from 40 to 36 hours per week, which may translate in being open to public less than 36 hours per week
 - ISO Rating downgraded from 4 to 5



FY2013 Expenditures- Conclusions

- Fairest, most equitable distribution of funding
- Fully funds all contractual obligations
- Balanced based upon use of recurring revenues for operating costs; no draw on Stabilization Fund or Free Cash



FY2013 Expenditures – Conclusions

- Great change is proposed and none of it is good
- Realigns & downsizes organization in recognition of the fact that without additional revenue, we can't sustain what we have
- Hopefully none of this comes as a surprise as this is what was shown in the Financial Forecast



Conclusions

- Biggest concern is that Bond Rating Agencies will not look favorably upon the changes being made in this budget
- This will not be viewed as a strategic move, but rather a dismantling of our organization.
- This will have a negative impact on our Bond Rating, which was recently upgraded in FY2010.
- Any negative impact to our Bond Rating means our cost to borrow will increase. As we prepare to seek authorization for a large school project, we should be doing everything we can to preserve and bolster our Bond Rating.



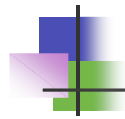
FY2013 Override

- Override: a permanent increase to the property tax base.
- Goal is to find a “long term” solution
- \$2.2M will provide a 5-year fix
- Hopefully State Aid will be restored during this time



FY2013 Override = \$2.2M

- \$1,131,040 for School Department
- \$14,325 for Senior Center; \$36,600 for Library
- \$82,040 for Administration & Land Use to restore personnel cuts, except IT Assistant & BOA/ Conservation AA. Funding for Recording Secretary.
- \$31,554 OT in Police Department; \$5,463 in Fire Department; Call Personnel
- \$25,000 increase in Reserve Fund
- \$500k for Pavement Management Program; \$50k for Crack Seal
- \$35k for DPW Laborer
- \$277,432 remaining to be set aside in new Stabilization Fund



FY2013 Override = \$2.2M

	FY2013 No Override	FY2013 Override	FY2014	FY2015	FY2016	FY2017
Other Warrant Articles:						
Capital Articles	\$ 464,487	\$ 464,487	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
Other Articles	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Teachers Salary Deferral	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Comprehensive Road Management Plan	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
Stabilization Fund, Tax Levy	\$ 277,432	\$ 170,649	\$ 6,703			
sub-total:	\$ 464,487	\$ 1,241,919	\$ 1,170,649	\$ 1,006,703	\$ 1,000,000	\$ 1,000,000
total:	\$ 29,991,574	\$ 32,191,614	\$ 33,076,376	\$ 34,033,518	\$ 35,124,509	\$ 36,306,777
	FY2013	FY2013	FY2014	FY2015	FY2016	FY2017
Revenue	\$ 29,991,573	\$ 32,191,614	\$ 33,076,377	\$ 34,033,517	\$ 35,124,509	\$ 36,306,778
Expenditures	\$ 29,991,574	\$ 32,191,614	\$ 33,076,376	\$ 34,033,518	\$ 35,124,509	\$ 36,306,777
Difference	\$ (1)	\$ 0	\$ 0	\$ (0)	\$ (0)	\$ 0



FY2013 Override = \$2.2M

- Represents 88% of households in town

Single Family Residences Value Range	# Residences in Range	% of total	Impact of Override	Monthly
<\$150K	332	9.69%	≤ \$296.15	\$ 24.68
\$150 – 199.9k	788	23.01%	≤ \$394.87	\$ 32.91
\$200 – 249.9k	914	26.69%	≤ \$493.59	\$ 41.13
\$250 – 299.9k	570	16.64%	≤ \$592.31	\$ 49.36
\$300 – 349.9k	411	12.00%	≤ \$691.03	\$ 57.59